

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

SOUTHERN NATURAL GAS COMPANY
AI # 17663

PROCEEDINGS UNDER THE LOUISIANA
ENVIRONMENTAL QUALITY ACT
LA. R.S. 30:2001, ET SEQ.

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Enforcement Tracking No.
AE-CN-03-0348

SETTLEMENT

The following Settlement is hereby agreed to between Southern Natural Gas Company ("Respondent") and the Department of Environmental Quality ("DEQ" or "the Department"), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. ("the Act").

I.

Respondent is a corporation, which operates a natural gas transmission facility located in the inland waters east of Port Sulfur in Plaquemines Parish ("the Facility"). The facility operated under Air Permit Number 2240-00270-V0 issued on July 6, 1998, and which expired on July 6, 2003.

II.

On October 17, 2003, the Department issued a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement Number AE-CN-03-0348 to Respondent, which was based upon the following findings of fact:

On or about October 17, 2003, a file review of the Respondent's facility was performed to

determine the degree of compliance with the Act and Air Quality Regulations.

The following violations were noted during the course of the review:

- A. The Department received a letter from the Respondent dated August 28, 2003. According to the letter, the renewal application for the facility was not submitted at least six months prior to the date of permit expiration. Failure to submit the Title V permit renewal application at least six months prior to the date of permit expiration is a violation of LAC 33:III.507.E.4, Part 70 General Condition A of Air Permit Number 2240-00270-V0, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.
- B. As stipulated in LAC 33:III.507.E.3, unless renewed in accordance with Section 507 of the Air Quality Regulations, permits issued under Section 507 shall expire at the end of the effective duration. Therefore, the Respondent has been operating the facility without a permit since July 6, 2003. This is a violation of LAC 33:III.501.C.2 and Sections 2057(A)(1) and 2057(A)(2) of the Act.

III.

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

IV.

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of two thousand five hundred and no/100 dollars (\$2,500.00), of which \$219.28 represents DEQ's enforcement costs, in settlement of the claims set forth in this agreement. The total amount of money expended by Respondent on cash payments to DEQ as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

V.

Respondent further agrees that the Department may consider the inspection report(s), the

Consolidated Compliance Order & Notice of Potential Penalty and this Settlement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

VI.

This agreement shall be considered a final order of the secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

VII.

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in LSA- R. S. 30:2025(E) of the Act.

VIII.

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Plaquemines Parish. The advertisement, in form, wording, and size approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted a proof-of-publication affidavit to the Department and, as of the date this Settlement is executed on

behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

IX.

Payment is to be made within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department. Penalties are to be made payable to the Department of Environmental Quality and mailed to the attention of Darryl Serio, Office of Management and Finance, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303.

X.

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XI.

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his/her respective party, and to legally bind such party to its terms and conditions.

WITNESSES:

SOUTHERN NATURAL GAS COMPANY

Am J Mill

BY: Greg Odegard
(Signature)

SJM

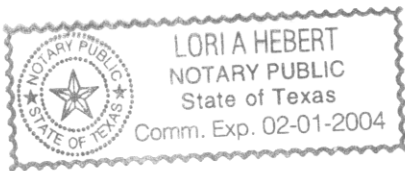
GREG ODEGARD

(Printed)

Kay M. Annally

TITLE: Vice President

THUS DONE AND SIGNED in duplicate original before me this 20th day of
January, 20 04, at Harris County Tx.



Lori A. Hebert
NOTARY PUBLIC

WITNESSES:

Jeff M. Hatch
Lacey Smith

STATE OF LOUISIANA

Hall Bohlinger, Secretary

Department of Environmental Quality

BY: R. Bruce Hammatt

R. Bruce Hammatt, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 29 day of
April, 20 04, at Baton Rouge, Louisiana.

Christopher A. Ratcliff
NOTARY PUBLIC

Approved: R. Bruce Hammatt
R. Bruce Hammatt, Assistant Secretary



CHARLES C. FOTI, JR.
ATTORNEY GENERAL

State of Louisiana
DEPARTMENT OF JUSTICE
P.O. BOX 94005
BATON ROUGE
70804-9005

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LA. DEPT. OF ENV. QUALITY
LEGAL AFFAIRS DIVISION

April 19, 2004


Mike D. McDaniel, Secretary
La. Department of Environmental Quality
Office of the Secretary
P.O. Box 4301
Baton Rouge, LA 70821-4301

Re: Review of DEQ Settlement;
Southern Natural Gas Company
AD-CN-03-0348; AI #17663

Dear Secretary McDaniel:

Pursuant to the authority granted to me by R.S. 30:2050.7(E)(2)(a), I approve the above referenced settlement.

Sincerely,


NICHOLAS GACHASSIN
First Assistant Attorney General

NG/cbw